

**REPORT OF THE AUDIT OF THE  
CARROLL COUNTY  
CLERK**

**For The Year Ended  
December 31, 2014**



**ADAM H. EDELEN  
AUDITOR OF PUBLIC ACCOUNTS  
[www.auditor.ky.gov](http://www.auditor.ky.gov)**

**209 ST. CLAIR STREET  
FRANKFORT, KY 40601-1817  
TELEPHONE (502) 564-5841  
FACSIMILE (502) 564-2912**



## **EXECUTIVE SUMMARY**

### **AUDIT EXAMINATION OF THE CARROLL COUNTY CLERK**

**For The Year Ended  
December 31, 2014**

The Auditor of Public Accounts has completed the Carroll County Clerk's audit for the year ended December 31, 2014. Based upon the audit work performed, the financial statement presents fairly in all material respects, the receipts, disbursements, and excess fees in conformity with the regulatory basis of accounting.

#### **Financial Condition:**

Excess fees decreased by \$5,720 from the prior year, resulting in excess fees of \$1,406 as of December 31, 2014. Receipts increased by \$119,246 from the prior year and disbursements increased by \$124,966.

#### **Lease Obligation:**

The Carroll County Clerk's office was committed to the following lease agreement as of December 31, 2014:

Item Purchased	Monthly Payment	Term Of Agreement	Ending Date	Principal Balance December 31, 2014
Equipment/Software	\$ 2,100	60 Months	January 1, 2019	\$ 100,800

#### **Report Comments:**

2014-001 The County Clerk Has A Lack Of Segregation Of Duties Over Bank Reconciliations  
2014-002 The County Clerk's Office Has A Lack Of Segregation Of Duties Over Disbursements And Reconciliations Which Allowed Errors To Go Undetected

#### **Deposits:**

The County Clerk's deposits were insured and collateralized by bank securities.



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**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Bobby Lee Westrick, Carroll County Judge/Executive  
The Honorable Alice Marsh, Carroll County Clerk  
Members of the Carroll County Fiscal Court

Independent Auditor's Report

**Report on the Financial Statement**

We have audited the accompanying statement of receipts, disbursements, and excess fees - regulatory basis of the County Clerk of Carroll County, Kentucky, for the year ended December 31, 2014, and the related notes to the financial statement.

**Management's Responsibility for the Financial Statement**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the Audit Guide for County Fee Officials issued by the Auditor of Public Accounts, Commonwealth of Kentucky. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



The Honorable Bobby Lee Westrick, Carroll County Judge/Executive  
The Honorable Alice Marsh, Carroll County Clerk  
Members of the Carroll County Fiscal Court

### **Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles**

As described in Note 1 of the financial statement, the financial statement is prepared by the County Clerk on the basis of the accounting practices prescribed or permitted by the laws of Kentucky to demonstrate compliance with the Commonwealth of Kentucky's regulatory basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

### **Adverse Opinion on U.S. Generally Accepted Accounting Principles**

In our opinion, because of the significance of the matter discussed in the Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of each fund of the County Clerk, as of December 31, 2014, or changes in financial position or cash flows thereof for the year then ended.

### **Opinion on Regulatory Basis of Accounting**

In our opinion, the financial statement referred to above presents fairly, in all material respects, the receipts, disbursements, and excess fees of the County Clerk for the year ended December 31, 2014, in accordance with the basis of accounting practices prescribed or permitted by the Commonwealth of Kentucky as described in Note 1.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated June 23, 2015 on our consideration of the Carroll County Clerk's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Carroll County Clerk's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control over financial reporting and compliance.



The Honorable Bobby Lee Westrick, Carroll County Judge/Executive  
The Honorable Alice Marsh, Carroll County Clerk  
Members of the Carroll County Fiscal Court

**Other Reporting Required by Government Auditing Standards (Continued)**

Based on the results of our audit, we have presented the accompanying comments and recommendations, included herein, which discusses the following report comments:

- 2014-001 The County Clerk Has A Lack Of Segregation Of Duties Over Bank Reconciliations
- 2014-002 The County Clerk's Office Has A Lack Of Segregation Of Duties Over Disbursements And Reconciliations Which Allowed Errors To Go Undetected

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Adam H. Edelen', written in a cursive style.

Adam H. Edelen  
Auditor of Public Accounts

June 23, 2015

CARROLL COUNTY  
ALICE MARSH, COUNTY CLERK  
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS

For The Year Ended December 31, 2014

Receipts

HB 537 Revenue Supplement	\$	64,618
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State Fees For Services		3,186
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Fiscal Court		37,493
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Licenses and Taxes:

Motor Vehicle-

Licenses and Transfers	\$	390,331
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Usage Tax		1,670,669
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Tangible Personal Property Tax		820,716
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Notary Fees		4
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Other-

Fish and Game Licenses		1,079
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Marriage Licenses		4,296
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Occupational Licenses		25
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Miscellaneous Income		9,962
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Deed Transfer Tax		15,360
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Delinquent Tax	203,995	3,116,437
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Fees Collected for Services:

Recordings-

Deeds, Easements, and Contracts		4,799
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Real Estate Mortgages		9,916
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Chattel Mortgages and Financing Statements		37,567
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Powers of Attorney		619
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Affordable Housing Trust		8,322
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Lien Release Fees		5,702
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All Other Recordings		9,079
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Charges for Other Services-

Candidate Filing Fees		1,800
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Copywork		4,019
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Postage	17	81,840
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Interest Earned		160
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Total Receipts		3,303,734
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The accompanying notes are an integral part of this financial statement.

CARROLL COUNTY  
 ALICE MARSH, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2014  
 (Continued)

Disbursements

Payments to State:

Motor Vehicle-

Licenses and Transfers \$ 261,817

Usage Tax 1,620,060

Tangible Personal Property Tax 283,232

Licenses, Taxes, and Fees-

Fish and Game Licenses 1,079

Delinquent Tax 20,709

Legal Process Tax 10,673

Candidate Filing Fees 1,386

Affordable Housing Trust 8,322 \$ 2,207,278

Payments to Fiscal Court:

Tangible Personal Property Tax 85,763

Delinquent Tax 8,493

Deed Transfer Tax 14,592 108,848

Payments to Other Districts:

Tangible Personal Property Tax 418,744

Delinquent Tax 112,442 531,186

Payments to Sheriff 17,390

Payments to County Attorney 27,927

Operating Disbursements:

Personnel Services-

Deputies' Salaries 116,900

Employee Benefits-

Employer's Paid Health Insurance 111,891

Contracted Services-

Advertising 2,922

Materials and Supplies-

Office Supplies 4,334

Election Supplies 10,313

Recording Supplies 3,503

The accompanying notes are an integral part of this financial statement.

CARROLL COUNTY  
 ALICE MARSH, COUNTY CLERK  
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND EXCESS FEES - REGULATORY BASIS  
 For The Year Ended December 31, 2014  
 (Continued)

Disbursements (Continued)

Operating Disbursements: (Continued)

Other Charges-

Conventions and Travel	\$	2,490	
Postage		4,780	
Internet		1,080	
Miscellaneous		<u>9,932</u>	\$ 268,145

Debt Service:

Computer		<u>53,449</u>	
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Total Disbursements			<u>\$ 3,214,223</u>
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Net Receipts			89,511
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Less: Statutory Maximum			<u>82,130</u>
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Excess Fees			7,381
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Less: Expense Allowance		3,600	
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Training Incentive Benefit		<u>3,910</u>	<u>7,510</u>
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Excess Fees Due County for 2014			(129)
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Excess Fees Paid on March 18, 2015			126
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Overpayments in Advertising Fees for Delinquent Taxes to Fiscal Court			<u>1,151</u>
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Balance Due County Clerk From Fiscal Court at Completion of Audit *			<u><u>\$ (1,406)</u></u>
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\* The State is due \$1,406 for delinquent taxes. (See Comment 2014-002)

CARROLL COUNTY  
NOTES TO FINANCIAL STATEMENT

December 31, 2014

Note 1. Summary of Significant Accounting Policies

A. Fund Accounting

A fee official uses a fund to report on the results of operations. A fund is a separate accounting entity with a self-balancing set of accounts. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fee official uses a fund for fees to account for activities for which the government desires periodic determination of the excess of receipts over disbursements to facilitate management control, accountability, and compliance with laws.

B. Basis of Accounting

KRS 64.820 directs the fiscal court to collect any amount, including excess fees, due from the County Clerk as determined by the audit. KRS 64.152 requires the County Clerk to settle excess fees with the fiscal court by March 15 each year.

The financial statement has been prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework. Under this regulatory basis of accounting, receipts and disbursements are generally recognized when cash is received or disbursed with the exception of accrual of the following items (not all-inclusive), at December 31 that may be included in the excess fees calculation:

- Interest receivable
- Collection on accounts due from others for 2014 services
- Reimbursements for 2014 activities
- Payments due other governmental entities for December tax and fee collections and payroll
- Payments due vendors for goods or services provided in 2014

The measurement focus of a fee official is upon excess fees. Remittance of excess fees is due to the County Treasurer in the subsequent year.

C. Cash and Investments

KRS 66.480 authorizes the County Clerk's office to invest in the following, including but not limited to, obligations of the United States and of its agencies and instrumentalities, obligations and contracts for future delivery or purchase of obligations backed by the full faith and credit of the United States, obligations of any corporation of the United States government, bonds or certificates of indebtedness of this state, and certificates of deposit issued by or other interest-bearing accounts of any bank or savings and loan institution which are insured by the Federal Deposit Insurance Corporation (FDIC) or which are collateralized, to the extent uninsured, by any obligation permitted by KRS 41.240(4).

CARROLL COUNTY  
 NOTES TO FINANCIAL STATEMENT  
 December 31, 2014  
 (Continued)

Note 2. Employee Retirement System

The county official and employees have elected to participate in the County Employees Retirement System (CERS), pursuant to KRS 78.530 administered by the Board of Trustees of the Kentucky Retirement Systems. This is a cost sharing, multiple employer defined benefit pension plan, which covers all eligible full-time employees and provides for retirement, disability and death benefits to plan members. Benefit contributions and provisions are established by statute.

Nonhazardous covered employees are required to contribute 5 percent of their salary to the plan. Nonhazardous covered employees who begin participation on or after September 1, 2008 are required to contribute 6 percent of their salary to the plan. The county's contribution rate for nonhazardous employees was 18.89 percent for the first six months and 17.67 percent for the last six months.

Benefits fully vest on reaching five years of service for nonhazardous employees. Aspects of benefits for nonhazardous employees include retirement after 27 years of service or age 65. Nonhazardous employees who begin participation on or after September 1, 2008 must meet the rule of 87 (members age plus years of service credit must equal 87, and the member must be a minimum of 57 years of age) or the member is age 65, with a minimum of 60 months service credit.

CERS also provides post retirement health care coverage as follows:

For members participating prior to July 1, 2003, years of service and respective percentages of the maximum contribution are as follows:

<b>Years of Service</b>	<b>% paid by Insurance Fund</b>	<b>% Paid by Member through Payroll Deduction</b>
20 or more	100%	0%
15-19	75%	25%
10-14	50%	50%
4-9	25%	75%
Less than 4	0%	100%

As a result of House Bill 290 (2004 General Assembly), medical insurance benefits are calculated differently for members who began participation on or after July 1, 2003. Once members reach a minimum vesting period of ten years, non-hazardous employees whose participation began on or after July 1, 2003, earn ten dollars per month for insurance benefits at retirement for every year of earned service without regard to a maximum dollar amount.

Historical trend information showing the CERS' progress in accumulating sufficient assets to pay benefits when due is presented in the Kentucky Retirement Systems' annual financial report. This report may be obtained by writing the Kentucky Retirement Systems, 1260 Louisville Road, Frankfort, KY 40601-6124, or by telephone at (502) 564-4646.

CARROLL COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2014  
(Continued)

Note 3. Deposits

The Carroll County Clerk maintained deposits of public funds with depository institutions insured by the Federal Deposit Insurance Corporation (FDIC) as required by KRS 66.480(1)(d). According to KRS 41.240(4), the depository institution should pledge or provide sufficient collateral which, together with FDIC insurance, equals or exceeds the amount of public funds on deposit at all times. In order to be valid against the FDIC in the event of failure or insolvency of the depository institution, this pledge or provision of collateral should be evidenced by an agreement between the County Clerk and the depository institution, signed by both parties, that is (a) in writing, (b) approved by the board of directors of the depository institution or its loan committee, which approval must be reflected in the minutes of the board or committee, and (c) an official record of the depository institution.

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a depository institution failure, the County Clerk's deposits may not be returned. The Carroll County Clerk does not have a deposit policy for custodial credit risk but rather follows the requirements of KRS 41.240(4). As of December 31, 2014, all deposits were covered by FDIC insurance or a properly executed collateral security agreement.

Note 4. Hunting and Fishing Bank Account

The Carroll County Clerk maintains a separate bank account for receipts and disbursements for hunting and fishing license transactions. The January 1, 2014 balance was \$15. During the year, receipts totaled \$1,079 and disbursements totaled \$1,079, leaving a balance of \$15 as of December 31, 2014.

Note 5. Escrow Accounts

A. 2011 Escrow Account

The Carroll County Clerk deposited \$296 of stale dated outstanding checks from 2011 fees into an escrow account. According to KRS 393.090, property is presumed abandoned after three years, after which time the funds should be turned over to the Kentucky State Treasurer in accordance with KRS 393.110. The January 1, 2014 balance was \$290. During the year, incurred \$11 in bank fees and turned over the remaining \$279 to the state, leaving a balance of \$0 as of December 31, 2014.

B. 2012 Escrow Account

The Carroll County Clerk deposited \$89 of stale dated outstanding checks from 2012 fees into an escrow account. According to KRS 393.090, property is presumed abandoned after three years, after which time the funds should be turned over to the Kentucky State Treasurer in accordance with KRS 393.110. During the year, disbursements totaled \$11, leaving a balance of \$78 as of December 31, 2014.

C. 2013 Escrow Account

The Carroll County Clerk deposited \$153 of stale dated outstanding checks from 2013 fees into an escrow account. According to KRS 393.090, property is presumed abandoned after three years, after which time the funds should be turned over to the Kentucky State Treasurer in accordance with KRS 393.110. During the year, disbursements totaled \$1, leaving a balance of \$152 as of December 31, 2014.

CARROLL COUNTY  
NOTES TO FINANCIAL STATEMENT  
December 31, 2014  
(Continued)

Note 6. Lease Agreement

The Carroll County Clerk's office was committed to the following lease agreement as of December 31, 2014:

Item Purchased	Monthly Payment	Term Of Agreement	Ending Date	Principal Balance December 31, 2014
Equipment/Software	\$ 2,100	60 Months	January 1, 2019	\$ 100,800

Note 7. Balance Due County Clerk From Fiscal Court

The balance due the County Clerk from Fiscal Court on the financial statement is made up of the following:

Overpayment of Delinquent Taxes to the Fiscal Court	\$ 1,151
Excess of Disbursements Over Receipts	<u>255</u>
Total Balance Due The County Clerk From Fiscal Court	<u>\$ 1,406</u>



REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND  
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS





**ADAM H. EDELEN**  
**AUDITOR OF PUBLIC ACCOUNTS**

The Honorable Bobby Lee Westrick, Carroll County Judge/Executive  
The Honorable Alice Marsh, Carroll County Clerk  
Members of the Carroll County Fiscal Court

**Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards**

**Independent Auditor's Report**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the statement of receipts, disbursements, and excess fees - regulatory basis of the Carroll County Clerk for the year ended December 31, 2014, and the related notes to the financial statement and have issued our report thereon dated June 23, 2015. The County Clerk's financial statement is prepared on a regulatory basis of accounting, which demonstrates compliance with the laws of Kentucky and is a special purpose framework.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statement, we considered the Carroll County Clerk's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Carroll County Clerk's internal control. Accordingly, we do not express an opinion on the effectiveness of the Carroll County Clerk's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, which are described in the accompanying comments and recommendations as items 2014-001 and 2014-002 that we consider to be significant deficiencies.



Report On Internal Control Over Financial Reporting And  
On Compliance And Other Matters Based On An Audit Of The Financial  
Statement Performed In Accordance With Government Auditing Standards  
(Continued)

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Carroll County Clerk's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.


### **County Clerk's Responses to Findings**

The Carroll County Clerk's responses to the findings identified in our audit are included in the accompanying comments and recommendations. The Carroll County Clerk's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,



Adam H. Edelen  
Auditor of Public Accounts

June 23, 2015

## COMMENTS AND RECOMMENDATIONS



CARROLL COUNTY  
ALICE MARSH, COUNTY CLERK  
COMMENTS AND RECOMMENDATIONS

For The Year Ended December 31, 2014

INTERNAL CONTROL - SIGNIFICANT DEFICIENCY:

2014-001 The County Clerk Has A Lack Of Segregation Of Duties Over Bank Reconciliations

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During the review of controls related to bank reconciliations, we noted that County Clerk who records the receipts and disbursements in the ledgers also performs the bank reconciliations. When there is a lack of segregation of duties over controls, and compensating controls are not evidenced, this increases the risk of material misstatement due to error or fraud. A proper segregation of duties over the accounting and reporting functions such as preparation of the quarterly reports or implementing compensating controls, when necessary because of a limited number of staff, is essential for providing protection from errors occurring and not being detected. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities. We recommend bank reconciliations be performed or reviewed by someone independent of the recording process. To document their review, reconciliations should be initialed by the reviewer.

*County Clerk's Response: I will have one other deputy to look over my bank reconciliation statement each month and initial to help offset the segregation of duties.*

2014-002 The County Clerk's Office Has A Lack Of Segregation Of Duties Over Disbursements And Reconciliations Which Allowed Errors To Go Undetected

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The County Clerk's office has a lack of segregation of duties over disbursements and reconciliation without sufficient compensating controls in place to mitigate the risk of material error or fraud. During fiscal year 2014, the County Clerk did not prepare delinquent tax checks for the state for July 2014 and was overpaying the County advertising fees each month. During this monthly disbursement process, a comparison was not done between the monthly report to the checks written and to the disbursements ledger to ensure all required disbursements were made.

The result of a lack of segregation of duties and having no other knowledgeable deputy involved in the process, allowed errors to be made and not detected by the County Clerk's internal control system. These errors included:

- Delinquent tax payment due to the Kentucky State Treasurer for \$1,406 for the month of July was not made.
- Overpaid \$1,151 in advertising fees for delinquent taxes to the Carroll County Fiscal Court.

These errors could have been discovered by the Clerk's office if the bookkeeper had compared the monthly reports to the disbursements ledger and the checks written or if a second person had been involved in the process to review the reports, ledgers, and checks to ensure all required checks were written each month.

CARROLL COUNTY  
ALICE MARSH, COUNTY CLERK  
COMMENTS AND RECOMMENDATIONS  
For The Year Ended December 31, 2013  
(Continued)

INTERNAL CONTROL - SIGNIFICANT DEFICIENCY: (Continued)

2014-002 The County Clerk's Office Has A Lack Of Segregation Of Duties Over Disbursements And Reconciliations Which Allowed Errors To Go Undetected (Continued)

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A proper segregation of duties over the accounting and reporting functions such as preparation of the quarterly reports or implementing compensating controls is essential for providing protection from errors occurring and not being detected. Additionally, a proper segregation of duties protects employees in the normal course of performing their daily responsibilities.

We recommend the Clerk implement procedures to ensure there is a reconciliation between ledgers and monthly reports and for a second person review to ensure all required checks are prepared each month.

We further recommend the Clerk document standardized review and reconciliation procedures for staff to use a guide when performing non-daily operations. For example, taking a copy of a monthly report and highlight the items to review, where to sign, and a list of steps to perform to complete the reconciliation or review.

In addition, the Clerk should request fiscal court to submit payment to the state in the amount of \$1,406 for July 2014 delinquent taxes.

*County Clerk's Response: Not paying the delinquent tax payment due to the state for the month of July 2014 was an oversight on my part; however I was unaware the advertising fee was already added to the total and have been paying the fiscal court this additional amount for several years. I will contact fiscal court about this issue and will have it resolved.*



